

## City of Falls Church

Meeting Date: 10-22-12	Title: ORDINANCE TO REFUND SURPLUS REAL ESTATE TAX REVENUES (TO12-15)	Agenda No.: 10 (a) (2)
Proposed Motion: <b>MOVE to approve (TO12-15).</b>		
Originating Dept. Head: Wyatt Shields, City Manager <b>FWS</b>		Disposition by Council:
City Manager: Wyatt Shields 703.248.5004 <b>FWS 10-18-12</b>	City Attorney: John Foster 703.248.5010 <b>JEF 10/18/12</b>	CFO: Richard La Condre 703.248.5092 <b>RAL 10/18/12</b>

REQUEST: Council is requested to approve the method for refunding surplus Real Estate Tax revenue to taxpayers. Funds for this purpose were appropriated in a FY13 Budget Amendment approved September 10, 2012. State law requires that the method of administering the refund be established by Ordinance. This ordinance is now before Council for second reading and final adoption.

RECOMMENDATION: Staff recommends adoption of the Ordinance on 2<sup>nd</sup> Reading, Alternatives: Council may review and make changes.

BACKGROUND: Virginia Code Section 15.2-2511.1 provides authority for local governments to refund surplus revenues to taxpayers, by ordinance. On September 10, 2012, City Council appropriated \$933,000 in funds through an FY13 Budget Amendment for the purpose of providing a real estate tax refund or credit to property owners in the City. The next step in this process is to establish, by ordinance, the method for administering such a refund.

State Code Section § 15.2-2511.1. provides:

“Any locality may by ordinance develop a method for returning surplus real property tax revenues to taxpayers who are assessed real property taxes in any fiscal year in which the locality reports a surplus. The locality may reduce a taxpayer's refund by the amount of any taxes, penalties and interest that are due from such taxpayer, or any past-due taxes, penalties and interest that have been assessed within the appropriate period of limitations.”

In consultation with the Treasurer and City Attorney, the attached draft ordinance establishes the following method for administering the refund as a credit showing on the real estate bill:

The credit will be noted as a separate line on the Real Estate Tax bills mailed this coming November 1, 2012. The credit will be implemented for real estate property owners of record and calculated based on the value of real estate property being taxed effective January 1, 2012. For cases where property has changed hands over the

course of the tax year 2012, the credit will be prorated based on the date of sale. The Treasurer may deduct any unpaid taxes or penalties owed by the tax payer from the credit amount.

Example: For a taxpayer with property assessed at \$600,000, the credit shown on the December tax bill will be \$173.40.

FISCAL IMPACT: \$933,000 was budgeted for this purpose in the FY13 Budget Amendment approved on September 10, 2012.

TIMING: Immediate. Real Estate Tax Bills must be issued on November 1, 2012.

(TO12-15)

## ORDINANCE TO REFUND SURPLUS REAL ESTATE TAX REVENUES

THE CITY COUNCIL OF THE CITY OF FALLS CHURCH, VIRGINIA,  
HEREBY ORDAINS as follows:

- 1) A Real Estate tax refund shall be administered by the Treasurer of the City for the Tax year ~~FY~~2012, and shall be in the form of a credit shown on the December 2012 tax bill; and
- 2) The credit will be provided for owners of taxable real property based on the assessed property value as of January 1, 2012; and
- 3) In the event that a taxable parcel of real estate has changed ownership over the course of tax year 2012, the credit shall be prorated based on the date of sale, subject to administrative procedures established by the Treasurer; and
- 4) The Treasurer may reduce a taxpayer's credit by the amount of any taxes, penalties and interest that are due from such taxpayer, or any past-due taxes, penalties and interest that have been assessed within the current or prior tax years; and
- 5) The total amount of tax credits shall not exceed \$933,000; and
- 6) This ordinance shall become effective immediately upon final passage.

1<sup>st</sup> Reading: 10-09-12

2<sup>nd</sup> Reading: 10-22-12

Adoption: \_\_\_\_\_

(TO12-15)